



P. O. Box 525
Sonora, Texas 76950

April 22, 2013

The Natural Gas STAR Program
United States EPA (6207J)
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Natural Gas STAR Program Annual Report - 2012 - Production Section
HighMount Exploration & Production, LLC, Sonora, TX

Ms. Berkowitz:

Enclosed is a copy of the 2012 Annual Report for HighMount E & P, LLC. The report includes additional reductions taken in 2012.

If you have any questions please contact me at (325) 387-7314.

Sincerely,

A handwritten signature in black ink, appearing to read "Ervin Fisher, Jr.", written in a cursive style.

Ervin Fisher, Jr.
Environmental Specialist

cc: Danny Eaton, Manager, Region Production Operations
Ernest Johnson, Environmental & Safety Supervisor, HighMount E&P

Annual Report 2012



Production Sector

Company Information

Company Name: HighMount E & P, LLC
Contact: Danny Eaton
Title: Manager, Region Production Operations
Address: P.O. Box 618

City, State, Zip Code: Sonora, TX 76950
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Annual Report Summary

- ☐ BMP 1: Identify and replace high-bleed pneumatic devices
☐ BMP 2: Install flash tank separators on glycol dehydrators
☒ Partner Reported Opportunities (*please specify*):
Install plunger lifts, Install electric motors on pumpjacks
Install solar chemical pumps,

Period covered by report: From: 01/01/2012 To: 12/31/2012

Partner Signature Required:

I hereby certify the accuracy of the data contained in this report.

Danny Eaton

4-22-13

Date

- Because the implementation of some technologies reduces emissions for multiple years, Natural Gas STAR allows certain activities to count towards a company's emission reductions beyond the initial year of implementation. Natural Gas STAR designates the maximum length of time that these reductions may accrue as "sunset dates." The Appendix lists these sunset dates. Companies can report the corresponding methane emission reductions each year up to the allowable sunset date. Or, companies may wish to report reductions only once for the implementation year, and have EPA automatically apply the sunset date and count those emissions for the allowable number of years.
- In addition to reporting methane emissions reductions, you are welcome to include other information about your company's participation in Natural Gas STAR in the "Additional Program Accomplishments" section of this form. The Natural Gas STAR Program will use any information entered in this section to recognize the efforts and accomplishments of outstanding partners.



BMP 1: Identify and Replace High-Bleed Pneumatic Devices

Summary of Emission Reduction Activities

Please include aggregate information in this section for all locations. If multiple facilities/locations are represented, additional detail by specific facility/location can be provided in the table below.

A. Facility/location identifier information:

(If only one location note here, otherwise use table below.) Sonora Operations

B. Project summary:

Number of devices replaced: 0 devices

Percent of system now equipped with low/no-bleed units: 51 %

C. Cost summary:

Estimated cost per replacement (including equipment and labor): \$ NA /replacement

D. Methane emissions reduction: 0 Mcf

E. Are these emissions reductions a one-year reduction or a multi-year reduction? ☐ One-year ☐ Multi-year

If Multi-year:

☐ Partner will report this activity once and let EPA automatically calculate future emission reductions based on sunset date duration (BMP 1 has a sunset period of 7 years).

☐ Partner will report this activity annually up to allowed sunset date.

Please identify the basis for the emissions reduction estimate, using the space provided to show any calculations

☐ Standard calculation

Methane emissions reduction = [Annual emissions from high-bleed devices being replaced (in Mcf/yr) - Annual emissions for the replacement devices (in Mcf/yr)] x Number of devices replaced

Please specify your data source:

- ☐ Field measurement
☐ Manufacturer specifications

☐ Calculation using default

Methane emissions reduction = 124 Mcf/yr x Number of devices replaced

☐ Other (please specify):

F. Total value of gas saved: \$ 0

Total value of gas saved = Methane emissions reduction (in Mcf) x Gas value (in \$/Mcf) [If not known, use default of \$3.50/Mcf]

G. How many high-bleed devices do you plan to replace next year?

TBD devices

Optional: Additional details by location

Facility/Location identifier Information	# Devices Replaced	Total Cost of Replacements (incl. equipment and labor) (\$)	Estimated Reductions (Mcf/yr)	Value of Gas Saved (\$)

BMP 1 Comments: Please use the back of the page for additional space if needed.



BMP 2: Install Flash Tank Separators on Glycol Dehydrators

Summary of Emission Reduction Activities

Please include aggregate information in this section for all locations. If multiple facilities/locations are represented, additional detail by specific facility/location can be provided in the table below.

A. Facility/location identifier information:

(If only one location note here, otherwise use table below.) Sonora Operations

B. Project summary:

Number of flash tank separators installed: 0 separators

Percent of dehydrators in system equipped with flash tank separators: 100 %

C. Cost summary:

Estimated cost per flash tank separator installation (including equipment and labor): \$ 0 /installation

D. Methane emissions reduction: 0 Mcf

E. Are these emissions reductions a one-year reduction or a multi-year reduction? ☐ One-year ☐ Multi-year

If Multi-year:

☐ Partner will report this activity once and let EPA automatically calculate future emission reductions based on sunset date duration (BMP 2 has a sunset period of 10 years).

☐ Partner will report this activity annually up to allowed sunset date.

Please identify the basis for the emissions reduction estimate, using the space provided to show any calculations

☐ Standard calculation

Methane emissions reduction per flash tank installation = [TEG circulation rate (in gal/hr) x Methane entrainment rate (in scf/gal) * x hours of operation (in hrs/yr) x 0.90] / 1,000

*If methane entrainment rate is not known, use a default value of 3 scf/gal for energy exchange pumps or 1 scf/gal for electric pumps

☐ Calculation using default

Methane emissions reduction = [Average gas throughput (in MMcf/yr) x 170 scf/MMcf x 0.90] / 1,000

☐ Other (please specify):

Please specify your data source:

- ☐ Field measurement
☐ Manufacturer specifications

F. Total value of gas saved: \$ 0

Total value of gas saved= Methane emissions reduction (in Mcf) x Gas value (in \$/Mcf) [If not known, use default of \$3.50/Mcf]

G. How many flash tank separators do you plan to install next year? TBD flash tank separators

Optional: Additional details by location

Facility/Location identifier Information	# Flash Tank Separators Installed	Total Cost of Replacements (incl. equipment and labor) (\$)	Estimated Reductions (Mcf/yr)	Value of Gas Saved (\$)

BMP 2 Comments: Please use the back of the page for additional space if needed.



Partner Reported Opportunities (PROs)

For more details on PROs, visit epa.gov/gasstar/tools/recommended.html

Summary of Emission Reduction Activities

Please include aggregate information in this section for all locations. If multiple facilities/locations are represented, additional detail by specific facility/location can be provided in the table below.

A. Facility/location identifier information:

(If only one location note here, otherwise use table below.) Sonora Operations

B. Project description: Please provide a separate PRO reporting form for each activity reported. If reporting a DI&M activity, please use a separate page for each location/facility surveyed.

Please specify the technology or practice that was implemented (choose from the list in the appendix or describe your own):

Install Plunger Lifts

Please describe how your company implemented this activity:

A well is selected for this PRO based on its ability to remove water.

C. Level of Implementation (check one):

- ☒ Number of units installed: 53 units
☐ Frequency of practice: _____ times/year

D. Are emissions reductions a one-year reduction or a multi-year reduction? ☐ One-year ☒ Multi-year

If Multi-year:

☒ Partner will report this activity once and let EPA automatically calculate future emission reductions based on sunset date duration*.

☐ Partner will report this activity annually up to allowed sunset date.

E. Methane emissions reduction: 33,920Mcf

F. Cost summary: Estimated cost of implementing this practice/activity (including equipment and labor): \$ 8000

Please identify the basis for the emissions reduction estimate, using the space provided to show any calculations

☐ Actual field measurement

☐ Other (please specify):

☒ Calculation using manufacturer specifications/other source

G. Total value of gas saved: \$ 118720

Total value of gas saved = Methane emissions reduction (in Mcf)
x Gas value (in \$/Mcf) [If not known, use default of \$3.50/Mcf]

H. To what extent do you expect to implement this practice next year?

TBD

Optional: Additional details by location

Facility/Location identifier Information	Frequency of Practice/Activity# of Installations	Total Cost of Replacements (incl. equipment and labor) (\$)	Estimated Reductions (Mcf/yr)	Value of Gas Saved (\$)

PRO Comments: Please use the back of the page for additional space if needed.

*Because the implementation of some technologies reduces emissions for multiple years, Natural Gas STAR allows certain activities to count towards a company's emission reductions beyond the initial year of implementation. Natural Gas STAR designates the maximum length of time that these reductions may accrue as "sunset dates." The Appendix lists these sunset dates. Companies can report the corresponding methane emission reductions each year up to the allowable sunset date. Or, companies may wish to report reductions only once for the implementation year, and have EPA automatically apply the sunset date and count those emissions for the allowable number of years.



Partner Reported Opportunities (PROs)

For more details on PROs, visit epa.gov/gasstar/tools/recommended.html

Summary of Emission Reduction Activities

Please include aggregate information in this section for all locations. If multiple facilities/locations are represented, additional detail by specific facility/location can be provided in the table below.

B. Facility/location identifier information:

(If only one location note here, otherwise use table below.) Sonora Operations

B. Project description: Please provide a separate PRO reporting form for each activity reported. If reporting a DI&M activity, please use a separate page for each location/facility surveyed.

Please specify the technology or practice that was implemented (choose from the list in the appendix or describe your own):

Install electric motors on Pump Jacks

Please describe how your company implemented this activity:

If a location uses a pump jack and electricity is available.

C. Level of Implementation (check one):

- ☒ Number of units installed: 6 units
☐ Frequency of practice: _____ times/year

D. Are emissions reductions a one-year reduction or a multi-year reduction? ☐ One-year ☒ Multi-year

If Multi-year:

☒ Partner will report this activity once and let EPA automatically calculate future emission reductions based on sunset date duration*.

☐ Partner will report this activity annually up to allowed sunset date.

E. Methane emissions reduction: 8760 Mcf

F. Cost summary: Estimated cost of implementing this practice/activity (including equipment and labor): \$ 5000 + electricity

Please identify the basis for the emissions reduction estimate, using the space provided to show any calculations

☐ Actual field measurement

☐ Other (please specify):

☒ Calculation using manufacturer specifications/other source

G. Total value of gas saved: \$ 30660

Total value of gas saved = Methane emissions reduction (in Mcf)
x Gas value (in \$/Mcf) [If not known, use default of \$3.50/Mcf]

H. To what extent do you expect to implement this practice next year?
TBD

Optional: Additional details by location

Facility/Location Identifier Information	Frequency of Practice/Activity/# of Installations	Total Cost of Replacements (incl. equipment and labor) (\$)	Estimated Reductions (Mcf/yr)	Value of Gas Saved (\$)

PRO Comments: Please use the back of the page for additional space if needed.

*Because the implementation of some technologies reduces emissions for multiple years, Natural Gas STAR allows certain activities to count towards a company's emission reductions beyond the initial year of implementation. Natural Gas STAR designates the maximum length of time that these reductions may accrue as "sunset dates." The Appendix lists these sunset dates. Companies can report the corresponding methane emission reductions each year up to the allowable sunset date. Or, companies may wish to report reductions only once for the implementation year, and have EPA automatically apply the sunset date and count those emissions for the allowable number of years.



Partner Reported Opportunities (PROs)

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Summary of Emission Reduction Activities

Please include aggregate information in this section for all locations. If multiple facilities/locations are represented, additional detail by specific facility/location can be provided in the table below.

C. Facility/location identifier information:

(If only one location note here, otherwise use table below.) Sonora Operations

B. Project description: Please provide a separate PRO reporting form for each activity reported. If reporting a DI&M activity, please use a separate page for each location/facility surveyed.

Please specify the technology or practice that was implemented (choose from the list in the appendix or describe your own):

Install solar chemical pumps

Please describe how your company implemented this activity:

A location is selected based on cost and application.

C. Level of Implementation (check one):

- ☒ Number of units installed: 65 units
☐ Frequency of practice: _____ times/year

D. Are emissions reductions a one-year reduction or a multi-year reduction? ☐ One-year ☒ Multi-year

If Multi-year:

☒ Partner will report this activity once and let EPA automatically calculate future emission reductions based on sunset date duration*.

☐ Partner will report this activity annually up to allowed sunset date.

E. Methane emissions reduction: 6500 Mcf

F. Cost summary: Estimated cost of implementing this practice/activity (including equipment and labor): \$ 2500

Please identify the basis for the emissions reduction estimate, using the space provided to show any calculations

☐ Actual field measurement

☐ Other (please specify):

☒ Calculation using manufacturer specifications/other source

G. Total value of gas saved: \$ 22750

Total value of gas saved = Methane emissions reduction (in Mcf)
x Gas value (in \$/Mcf) [If not known, use default of \$3.50/Mcf]

H. To what extent do you expect to implement this practice next year?
TBD

Optional: Additional details by location

Facility/Location identifier Information	Frequency of Practice/Activity/# of Installations	Total Cost of Replacements (incl. equipment and labor) (\$)	Estimated Reductions (Mcf/yr)	Value of Gas Saved (\$)

PRO Comments: Please use the back of the page for additional space if needed.

*Because the implementation of some technologies reduces emissions for multiple years, Natural Gas STAR allows certain activities to count towards a company's emission reductions beyond the initial year of implementation. Natural Gas STAR designates the maximum length of time that these reductions may accrue as "sunset dates." The Appendix lists these sunset dates. Companies can report the corresponding methane emission reductions each year up to the allowable sunset date. Or, companies may wish to report reductions only once for the implementation year, and have EPA automatically apply the sunset date and count those emissions for the allowable number of years.